

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6771

BILL NUMBER: SB 144

NOTE PREPARED: Dec 18, 2006

BILL AMENDED:

SUBJECT: Viatical Settlements.

FIRST AUTHOR: Sen. Steele

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill makes a violation of the chapter concerning viatical settlements an unfair method of competition and an unfair and deceptive act or practice in the business of insurance.

The bill specifies applicability of the law when a policy is owned by more than one person. The bill establishes certain requirements for viatical settlement brokers, viatical settlement providers, and insurers, including requirements concerning licensure, reporting, record keeping, examinations, confidentiality, liability for certain actions, financing, advertising, and viatical settlement of a policy less than two years after issuance.

The bill also specifies requirements when the insured has a "terminal illness or chronic illness", rather than a "catastrophic or life threatening illness". It repeals a definition of "viatical settlement agent" and a provision prohibiting an insurance producer from receiving a commission in connection with viatical settlement of a policy less than two years after the insurance producer's sale of the policy.

Effective Date: July 1, 2007.

Explanation of State Expenditures: Individuals suspected of violating the prohibition on unfair and deceptive acts or practices in the business of insurance may be subject to a hearing by the Commissioner of Insurance. Adding a prohibition will increase the number of violations for which a hearing may ensue. However, the Department of Insurance (DOI) should be able to handle any additional expenses given its existing level of budget and resources. The DOI may also experience an increase in other related administrative expenses; however, the overall impact is not expected to be significant.

Explanation of State Revenues: As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: Department of Insurance, 232-2406.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.